



April 8, 2022

WHAT YOU NEED TO KNOW ABOUT

Biden's new defense budget

PRO POINTS

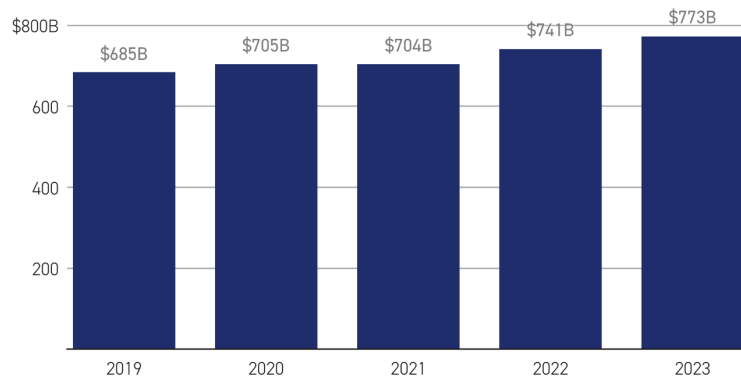
- **High inflation is flattening out the Defense Department's proposed budget increases.**
- **The Navy and Air Force plan to cut ships and aircraft at levels not seen in recent memory to save money.**
- **Research and development accounts are winning big, except for the Army, which is projected to lose spending power.**

HOW WE GOT HERE

The Biden administration has requested an over \$813 billion national defense budget for fiscal 2023, which includes \$773 billion for the Pentagon. That marks a \$31 billion increase, or 4 percent boost, from what Congress approved for fiscal 2022. High inflation has roiled the planning and rollout, however, and lawmakers have suggested they could again add tens of billions to the top line once they finish their markups.

Biden's Defense Department request is a 4 percent increase from fiscal 2022 enacted level

Discretionary Department of Defense funding level



Source: OMB
Taylor Miller Thomas / POLITICO

TOP LINE NUMBERS

The budget request is the largest-ever in dollar terms, yet inflation means it's only a 1.5 percent real increase from the previous year. That fact is drawing the ire of many in Congress who have pushed for a 5 to 7 percent increase, citing continued Chinese military modernization efforts and Russian aggression.

The biggest winner is the Biden administration request for \$130.1 billion for research and development funding in fiscal 2023 — an increase of nearly 10 percent compared with what was enacted the previous year. It marks the Pentagon's largest R&D budget in history.



There's another internal drama afoot, however. The Marine Corps is pushing back against the Navy's plans to stop building San Antonio-class amphibious ships after the 16th ship is funded in the fiscal 2023 budget, drastically slashing the size of the class from the originally planned 31 ships. The smaller buy, along with the pending retirements of several current amphibious, would bring the amphibious inventory down to 25 ships in the next five years.

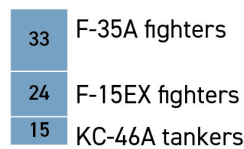
The Navy also delayed funding for the Light Amphibious Warship program by two years. The LAW is a small ship the Corps wants to be able to move troops and equipment around the Pacific quickly, but punting funding until 2025 could doom the project.

AIR FORCE

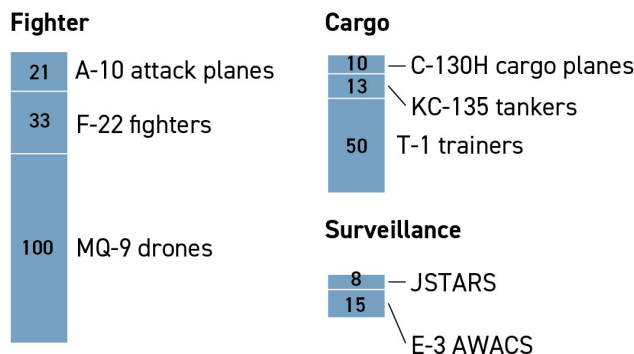
The Air Force is requesting \$234.1 billion, a hike from the \$182 billion approved by Congress in 2022. Yet the service is also looking to cut scores of aircraft, including 100 MQ-9 drones, 50 T-1 trainers, 33 F-22 stealth fighters, 22 A-10 attack planes, 15 AWACS aircraft, 13 KC-135 refueling aircraft and eight JSTARS surveillance planes.



The Air Force plans to purchase more than 70 aircraft:



The Air Force plans to decommission at least 250 aircraft:



The service also wants to purchase 33 F-35A jets and 24 F-15EX fighters while investing in a new sensor suite for its existing F-22s. On the missile side, plans call for maxing out the production capability for the JASSM-ER air-launched cruise missile and buying 4,200 JDAM kits that can turn "dumb" bombs into guided munitions. The much-anticipated B-21 bomber is fully funded in the fiscal 2023 request, part of the \$9 billion increase in research and development funding. That account also bankrolls continuing work on the Ground Based Strategic Deterrent ICBM replacement, the Next Generation Air Dominance program — the service's sixth-generation fighter — and other efforts.



SPACE FORCE

The Space Force's \$24.5 billion request focuses on the new service's highest priorities, including introducing new missile-tracking satellites and hardening satellites and ground systems against cyberattacks. A big chunk of that — \$15.8 billion — will come in research and development funding, a more than \$4 billion increase from the level enacted this year.

ARMY

The Army's request inches up to \$177.5 billion, compared to the \$174.7 billion lawmakers approved for the current year. Unlike the other services, the Army's procurement and research and development budgets are actually slated to contract by more than 6 percent in 2023. Overall, Army procurement is slated to receive \$21.3 billion, down from \$22.8 billion enacted in 2022, while the \$13.7 billion research and development request is down from the current \$14.5 billion.

NUCLEAR / MISSILE DEFENSE

The White House has requested \$34.4 billion for nuclear modernization, \$24.7 billion for missile defense programs, and another \$27.6 billion for space missile warning, missile tracking and space-launch efforts. That money is split between several of the services, including the Space Force and the separate Space Development Agency, which is supposed to be folded into the service by October, as well as the Air Force and Navy.

WHAT'S NEXT

Lawmakers have already signaled that they're ready for a fight. Republicans — and even some Democrats — are noting that inflation is eating away at real-dollar increases in the request and are calling for an increase that's 5 percent above the rate of inflation. There's also bipartisan anger over the decision to decommission 24 ships, including some that are brand new, and lawmakers note that such a move only delays the service from reaching its goal of 355 ships. Expect similar fights over retiring Air Force planes.

The overall top line is likely to go up once Congress has settled on its version. Some Democrats have signaled that they're likely to go along with Republicans who want to increase the budget beyond Biden's request, citing threats from Russia and high inflation. Last year, progressive lawmakers voted against the higher budget, forcing centrist Democrats to work with Republicans in the name of getting the spending plan across the finish line. Expect that dynamic to play out again this year and for the ultimate top line to go well beyond \$813 billion.



POWER PLAYERS

- **Michael McCord, Pentagon comptroller:** The position resides at the top of DoD's pecking order when it comes to spending money. McCord, a longtime Pentagon hand who also served in the job in the Obama administration, is well versed in how budget battles play out both within the military and on Capitol Hill, as he was forced to battle the sequestration-era budget caps during his last tour in the Pentagon.
- **Susanna Blume, director of the Pentagon's Cost Assessment and Program Evaluation office:** This position carries a lot of sway within the Pentagon, as the director is tasked with reviewing all acquisition programs and force structure initiatives and providing independent advice to the Pentagon chief as to cost, development and feasibility. The CAPE director is intimately involved in all budgetary issues.
- **Sen. Jack Reed (D-R.I.), Senate Armed Services chair:** Reed, an Army veteran, has long advocated for military spending and in 2022 supported adding \$30 billion to Biden's first defense budget. It looks likely he will do the same in 2023, as he called the proposal "an outline and a starting point" for Congress to continue to work on.
- **Sen. Jim Inhofe (R-Okla.), Senate Armed Services ranking member:** Inhofe, who plans to retire in January 2023 at the end of the 117th Congress, will nevertheless play a key role in shaping congressional action of the defense bill as it winds its way through Congress. A long time defense hawk, Inhofe has slammed the 2023 budget request as insufficient to meet the challenges of military modernization and the dual threats of China and Russia.